



*"A TIME FOR REFLECTION  
AND RENEWAL" ••••*



FND ENTERPRISE COOPERATIVE CREDIT UNION LTD.  
your BUSINESS, your FAMILY, our WORLD.

# ANNUAL REPORT 2015





## **VISION STATEMENT**

**Enhancing people's Lives  
as the first choice in  
business and financial services.**

## **MISSION STATEMENT**

**Building financially strong communities by  
safeguarding members' investment and  
exceeding expectation through  
professional, convenient and  
courteous service.**



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## NOTICE OF 7<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the Seventh (7<sup>th</sup>) Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited will be held at **Ocean Terrace Inn** on **Thursday, 11<sup>th</sup> August, 2016 at 5:00pm** to conduct the following business:

1. To confirm minutes of the 6<sup>th</sup> Annual General Meeting held on Thursday, 10<sup>th</sup> September, 2015.
2. To consider matters arising from the minutes of the 6<sup>th</sup> Annual General Meeting.
3. To receive and approve the reports of the Board of Directors, Treasurer, Credit Committee and Supervisory Committee for the year ended 31<sup>st</sup> December, 2015.
4. To consider and approve the Auditors' Report and Financial Statements for the Year ended 31<sup>st</sup> December, 2015.
5. To declare Dividends for the year ended 31<sup>st</sup> December, 2015.
6. To elect officers to the Board of Directors, Credit Committee and Supervisory Committee.
7. To set maximum borrowing limit for the ensuing year allowing the Board to set the remuneration.
8. To appoint Auditors for the ensuing Year.
9. To transact any other general business of the Society.

**By Order of the Board of Directors:**



**Trevor Phipps (Mr.)**

**SECRETARY**

**21<sup>st</sup> July, 2016.**

**Light refreshment** will be served at the end of the meeting.





## AGENDA

### **THEME: "A Time for Reflection & Renewal"**

#### **REGISTRATION- (5:00 p.m. to 5.30p.m.)**

#### **OPENING SESSION- (5:30 to 6:00)**

1. Call to order
2. National Anthem
3. Invocation
4. President's Remarks.
5. Introduction of Featured Speaker
6. Feature Address
7. Adjournment

#### **BUSINESS SESSION**

8. Call to order.
9. Ascertainment of a Quorum and Apologies for Absence
10. Confirmation of Minutes of the 6<sup>th</sup> Annual General Meeting
11. Matters Arising from the Minutes of the 6<sup>th</sup> Annual General meeting
12. Reports and Adoptions:
  - (a) Board of Directors
  - (b) Supervisory Committee
  - (c) Credit Committee
  - (d) Treasurer
  - (e) Auditors
13. Declaration of Dividends
14. Setting of Maximum Liability
15. Appointment of Auditors
16. Election of Officers
17. Any Other Business
18. Vote of Thanks
19. Adjournment



# CREDIT UNION PRAYER

Lord, make me an instrument of thy peace

Where there is hatred, let me sow love;

Where there is injury, pardon;

Where there is doubt, faith;

Where there is despair, hope;

Where there is darkness, light; and

Where there is sadness, joy.

O divine Master, grant that I may not

So much seek to be consoled as to console;

To be understood as to understand;

To be loved as to love;

For it is in giving, that we receive

For its is in pardoning that we are pardoned;

And it is in dying that we are born to eternal life.

Bless O Lord our deliberations, and grant that

Whatever we may say and do, will have thy

Blessing and guidance

Through Jesus Christ Our Lord,

AMEN



# STANDING ORDERS

1. A member must stand when addressing the Chairperson.
2. Speeches are to be clear and relevant to the subject before the meeting.
3. A member shall only address the meeting when called upon by the Chairperson to do so, after which he/she shall immediately take his seat.
4. No member shall address the meeting except through the Chairperson.
5. A member may not speak twice on the same subject except:
  - (a) The mover of a motion, who has a right to reply
  - (b) He rises to object or explain (with the permission of the Chair)
  - (c) The mover of a procedural motion (adjournment, lay on the table, motion to postpone) has no right to reply.
6. No speeches are to be made after the “Question” period has been put and carried or negated.
7. A member rising on a “Point of Order” must state the point clearly and concisely. (A “Point of order” must have relevance to the “Standing Order”).
8. A member should not “Call” another member “To Order” but may draw attention of the Chair to a “Breach of Order”.
9. In no event shall a member call the Chair to order.
10. A “Question” should not be put to the vote if a member desires to speak on it or to move an amendment to it except that a procedural motion, the “Previous Question”, “Proceed to Next Business,” or the Closure: “That the Question be Now Put” may be moved at any time.
11. Only one amendment should be before the meeting at one or the same time.
12. When a motion is withdrawn any amendment to it fails.
13. The Chairperson has the right to a “Casting Vote”.
14. If there is equality of voting on an amendment and if the Chairperson does not exercise his casting vote the amendment is lost.
15. Provision is to be made for protection of the Chairperson from vilification (personal abuse).
16. No member shall impute improper motives against another member.



# MINUTES OF 6<sup>TH</sup> ANNUAL GENERAL MEETING

MINUTES OF THE SIXTH (6TH) ANNUAL GENERAL MEETING HELD AT THE OCEAN TERRACE INN ON THURSDAY SEPTEMBER 10, 2015

## OPENING SESSION

The Sixth Annual General Meeting was called to order at 6:22pm by the Chairman of the Opening Ceremony, Mr. James Webbe, General Manager. The Ceremony commenced with the playing of the National Anthem by way of a duet by Mr. Clifette Isaac and Mr. Alex Condell, followed by the Invocation by Pastor Lincoln Connor and recital of the Credit Union Prayer by the membership. Mr. Webbe welcomed the specially invited guest Mr. Ralph Wharton of the Caribbean Confederation of Credit Unions and all of the FND Credit Union members present. He then invited President Jenkins to make opening remarks.

### President's Opening Remarks

President Jenkins welcomed and thanked members for the show of support in attending the meeting. He stated that the Credit Union continued to play its part in the development of our Nation by helping people. The President indicated that although all the goals were not met, the Credit Union had exceeded its projections in some areas.

The President indicated that the work on governance issues is ongoing with the help and stipulation of the Registrar of Credit Unions and her staff and commended them for their guidance.

During the year, the FND Credit Union collaborated with the other credit unions in training sessions and he thanked the sister credit unions for the collaborative effort and hoped that the effort of collaboration amongst the credit unions will be strengthened.

The President stated that the FND Credit union is not associated with community involvement as it should and he implored management to reach out to the community in a more significant way. He also stated that the Credit union membership is filled with talents and abilities and the Credit Union needs to call on these skills to play a more meaningful role in the Credit Union activities between each Annual General Meeting.

Mr. Jenkins requested the membership to join him in recognizing three Directors who will retire or have resigned this year. Mr. Spencer Howell and Mr. Auckland Hector who were Trustees of the predecessor Foundation for National Development and were now Directors of FND Credit Union were retiring today. However Mr. Howard Mc. Eachrane had resigned earlier in the year to take up a new position as Chairman of the Board of the St. Kitts Nevis Anguilla National Bank.

## Financial Performance Surplus:

The Credit Union recorded a surplus of \$197,010 compared with \$52,427 the previous year.

## Loans Portfolio:

The Loans portfolio grew by \$1,982,565 or 18% during 2014. This compares favourably with 2013 when the portfolio grew by \$324,315 or 3%.

## Membership and Services

The number of shareholders increased by 253 moving from 1815 to 2068 during the year under review. The value of shares increased by \$162,315 moving from \$770,960 to \$933,275.

Total deposits increased from \$5,452,912 to \$9,684,817, an increase of \$4,231,905 or 129%.

Finally President Jenkins thanked Mr. Ralph Wharton, General Manager of the Caribbean Confederation of Credit Unions for accepting the request to be the Keynote Speaker, the general membership, management and staff and other stakeholders for their service during 2014.

## Keynote Speaker:

The Guest Speaker, Mr. Ralph Wharton was introduced by Mr. James Webbe, the General Manager and Chairman for the Opening Ceremony. Mr. Wharton's presentation sought to give advice to the Board and Management of the FND Credit Union on "The way forward". He was critical of some of the strategies presently employed by the Credit Union and suggested different approaches that were required if the Credit Union is to grow and remain relevant. There were five areas where he suggested that focus must be placed.

1. Credibility – the Credit Union needs to understand and meet the needs of its members to build long-term relationships. There must be a value proposition that is understood by all members.
2. Grounded in the Credit Union Philosophy- The institution must stick to its philosophy and avoid an identity crisis.
3. Empty Chair Strategy- The Credit Union must understand how members want to communicate and must provide that forum. The Credit union needs to know how members feel about the service it offers.
4. Development of a Strategy- This must focus on sustainable growth, profitability and member retention.





# MINUTES OF 6<sup>TH</sup> ANNUAL GENERAL MEETING

5. **Corporate Social Responsibility-** He agreed with the President Jenkins that the Credit Union needs to get involved in our community in a more significant way. He indicated that Social Responsibility is part of the DNA of the cooperative sector.

Mr. Wharton concluded his remarks by stating that the FND Credit Union must not only implement short term tactics but must also think about strategic long term plans; develop Smart goals and a plan of Action; develop a suite of member centric products and services; design an adequate and effective marketing strategy; invest in appropriate technology and human resource; and must ensure that everyone is enthusiastic about achieving its goals and objectives.

## Business Session

The Business Session was called to Order by President Jenkins and the Notice of the 6th Annual General Meeting was read by him.

A quorum was confirmed by Mr. Martford Thomas representing the Registrar of Credit Unions.

## Confirmation of Minutes from 5th AGM

- There were no amendments to minutes of 5th AGM.

## Matters Arising:

Mr. Nigel Browne inquired about the position with ATM. Mr. Webbe, General Manager explained that research and discussion was ongoing. Mr. Webbe stated that the Credit union had discussion with three providers and a decision will be made before the next Annual General Meeting.

Motion to accept minutes was moved by Mr. James Pemberton and seconded by Mrs. Verdine Simpson

## REPORTS

### Board of Directors Report

The President used the opportunity to present the Board of Directors report in his Opening Remarks at the beginning of the meeting. Mr. Jervan Swanston inquired why the Annual General Meeting was so late and President Jenkins explained that it was mainly because of the change of auditors and more work than usual had to be carried out. Mr. Swanston also inquired about what issues were raised by the Credit Union Registrar from the Examination carried out. The General manager explained

that “Lack of a Compliance Officer” and delinquency were two of the major concerns. The report was then approved on a motion moved by Mr. Michael Martin and seconded by Mr. Sean Browne

## Supervisory Committee Report

This report was presented by Mrs. Tonya Lawrence, Chairperson of the Supervisory Committee. The Committee reviewed members’ savings and loans accounts in an effort to ensure the policies and procedures were being followed. Letters were circularized to 25% of the membership but the response was below expectation. However, from the responses received, the FND Credit Union records accurately reflects the members’ balances. The committee also deemed that management and staff adhered to the policies of the by-Laws to the best of their knowledge.

The report was approved on a motion moved by Ms. Davida Irish and seconded by Ms. Jovonelle Caines.

## Credit Committee Report

The Credit Committee report was presented by the Chairman of the Committee, Mr. Wendell Huggins. The report was read in its entirety from the Annual Report.

The Report was approved on a motion moved by Mr. Clement Richardson and seconded by Miss. Cloesta Tyson.

## Treasurer’s Report

Treasurer Mr. Terrence Crossman presented this report. The report was read in its entirety from the Annual Report.

The Treasurer’s Report was approved on a motion moved by Mr. Winston Farrell and seconded by Mrs. Verlène Simpson.

## Auditor’s Report

The Auditor’s Report was presented by Mr. Omax Gardner on behalf of PKF. There were no issues raised and the report was approved on a motion moved Dr. Lincoln Carty and seconded by Clement Richardson.

## Declaration of Dividend

A 6% dividend was recommended by the Board of Directors for the year in review. The recommendation was accepted on a motion moved by Mr. Clement Richardson and seconded by Mr. Wilba Stevens.



# MINUTES OF 6<sup>TH</sup> ANNUAL GENERAL MEETING

## Setting of Maximum Liability

The Board recommended a maximum liability of \$5,000,000 for the ensuing year. This recommendation was approved on a motion moved by Mrs. Velda Irish-Browne and seconded by Mr. Sean Browne

## Appointment of Auditors & give authorization to the Board to fix the remuneration

The Board recommended that the PKF be appointed as Auditors and fix the remuneration for the ensuing year. The recommendation was moved by Dr. Lincoln Carty and seconded by Mr. Ernest Pistana.

## Election of officers

The Nominating Committee's recommendations were presented and nominated as follows:

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Board of Directors	Mr. Spencer Howell	2 <sup>nd</sup>	2015	Ms. Maretta Manners	1 <sup>st</sup>	3	2018
	Mr. Auckland Hector	2 <sup>nd</sup>	2015	Mr. C. Steve Wrensford	1 <sup>st</sup>	3	2018
	Mr. Howard McEachrane	1 <sup>st</sup>	2015	Mr. Jamir Claxton	1 <sup>st</sup>	3	2018
Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Credit Committee	Mr. Valdemar Warner	2 <sup>nd</sup>	2015	Mr. Lincoln Carty	1 <sup>st</sup>	3	2018
Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Supervisory Committee	Mr. Carl Osborne	1 <sup>st</sup>	2015	Mr. Carl Osborne	2 <sup>nd</sup>	3	2018

The above nominated members were all approved by the membership during the election process guided by Mr. Martford Thomas from the Financial services regulatory Commission.

## Any Other Business:

Awards and Recognition were presented to retiring Directors Spencer Howell and Auckland Hector for long and sterling service to the institution. Retiring Credit committee member Mr. Valdemar Warner was also recognized for his long and dedicated service to the institution.

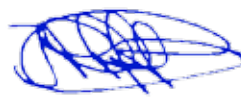
## Vote of Thanks

The Vote of Thanks was presented by Mr. Elleston Welsh, Loans Officer at the FND Credit Union. He expressed thanks to all who attended the meeting. He thanked the two members Mr. Isaac and Mr. Condell for playing the National Anthem, then Mr. Lincoln Connor for invoking

God's blessings on the proceedings and he especially thanked the Guest speaker, Mr. Ralph Wharton for his thought provoking presentation. The Regulators, the Board of Directors, Committee members and Staff were all thanked for playing their roles in making the AGM the success it was. The Ocean Terrace Inn was also noted for the accommodation and snacks and refreshments to be provided.

## Adjournment

The 6th Annual General Meeting of the FND Enterprise Cooperative Credit Union Ltd was adjourned at 8: 05 pm.



Trevor Phipps  
BOARD SECRETARY



# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

Fellow Co-operators, your Board of Directors is pleased to present its report on the operations and performance of the FND Enterprise Co-operative Credit Union Ltd (FNDECCU) for the financial year ended December 31, 2015.

### OVERVIEW

The financial year, 2015 was another fairly successful year for the FND Enterprise Cooperative Credit Union. The financial performance improved in all areas. Notwithstanding, the institution continued to grapple with the challenges faced by from the new legislation, regulations and stipulations relating to Statutory Reserve, Anti-money Laundering and Counter Terrorism Financing and the US imposed reporting as a result of its Foreign Account Tax Compliance Act ( FATCA).

The Theme for this year Annual General meeting is "A Time for Reflection and Renewal". During the year under review, the Board of Directors and staff reflected on the successes and failures of the institution and made a commitment to the renewal of the energies and dynamism needed to lead the FND Credit Union into a rapid growth path with a view to exceeding the expectations of all its members.

Special focus was directed towards our staff needs during the year and after research and consultation

the Board has decided that staff rewards and benefits required attention. It is the intention of the Board to introduce a Pension Plan and a revision of salaries in 2016. Consequently a provision was made this year for the contribution to that fund.

### CORPORATE GOVERNANCE

#### BOARD OF DIRECTORS

At the 6th Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited held on September 10, 2015, Mr. Jamir Claxton, Ms. Maretta Claxton and Mr. C. Steve Wrensford were elected for their first three-year term to fill the vacancy created by the compulsory retirement of Mr. Spencer Howell and Mr. Auckland Hector, who had completed their two terms in office and Mr. Howard McEachrane who had recently resigned to take up the position of Chairman of the St. Kitts-Nevis-Anguilla National Bank. The Board hereby expresses its gratitude to all three gentlemen for their dedicated and invaluable service not only to the Credit Union but to its predecessor, the Foundation for National Development over many years. The Officers of the new Board were elected in accordance with section 16 of the By-Laws of the Credit Union. The directors' position, terms, years remaining and year of retirement are as follows:

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING
R.A. Peter Jenkins	President	2 <sup>nd</sup>	1	2017
Trevor Cornelius	Vice President	2 <sup>nd</sup>	2	2017
<b>Trevor Phipps</b>	<b>Secretary</b>	<b>1<sup>st</sup></b>	<b>0</b>	<b>2016</b>
<b>Terrence Crossman</b>	<b>Treasurer</b>	<b>1<sup>st</sup></b>	<b>0</b>	<b>2016</b>
<b>Malvie James</b>	<b>Assistant Secretary</b>	<b>1<sup>st</sup></b>	<b>0</b>	<b>2016</b>
<b>Dennis Phillip</b>	<b>Director</b>	<b>1<sup>st</sup></b>	<b>0</b>	<b>2016</b>
Ms. Maretta Claxton	Director	1 <sup>st</sup>	2	2018
Mr. Jamir Claxton	Director	1 <sup>st</sup>	2	2018
Mr. C. Steve Wrensford	Director	1 <sup>st</sup>	2	2018





# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### Meetings

During the period under review, your Board of Directors met monthly, in compliance with section 15 (1) of the By-Laws to conduct the regular business of the Credit Union; and when it was considered necessary, the Board met more than once per month to deal with specific issues. Thirteen (13) Board meetings were held during the year.

### ADMINISTRATION AND MANAGEMENT

#### Staffing

The following staff changes occurred during the year under review:

#### Resignations:

- Mrs. Gayle Patricia Francis, Loan Officer resigned her position in August.
- Verdwenia Woodley, Customer Service Clerk/Teller resigned in August to pursue University studies in Cuba.
- Mrs. Jovil Taylor, Accounts clerk resigned in November.

#### Employment:

- Ka'Jon Parris was employed as a Customer Service Clerk/Teller in September.
- Mrs. Dawn Heyliger was employed as Loans Manager/ Human Resource Manager in November.

#### Staff, Committee and Members' Education and Training

During the year under review, Board, committee and staff members were again exposed to regional conferences during which workshops and seminars of a very high standard were delivered by high profile professionals. A wide variety of topics related to the Credit Union Movement and its operations were discussed:

- **Mr. James Webbe** attended 6.5 hours of training in "Anti- Money Laundering & Countering the Financing of Terrorism training on 18th May. The training was facilitated by **ComplianceAid** and was organized by **PKF**.

- **Mrs. G. Patricia Francis** attended a Foreign Accounts Tax Compliance Act (**FATCA**) Workshop on 9th and 10th July. This workshop was organized by the Financial Services Regulatory Commission(FSRC).
- **Mrs. Lyn Bass and Mrs. L. Patricia Williams** attended a one day **Train the Trainers Workshop** at ECCB on 20th October. The focus was on Communications, Conflict Management, Emotional Intelligence and Leadership.
- **Mr. James Webbe and Mr. Elleston Welsh** attended a one day Seminar in AML/CFT Seminar on 21st October. The session was organized by the Financial Services Regulatory Commission (**FSRC**).
- **Mrs. Dawn Heyliger** attended a one-week orientation attachment with the **Community First Co-operative Credit Union Limited in Antigua** in November.
- **All Staff members on St. Kitts** were exposed to an AML/CFT session conducted by Judy Bass-Tyrell of Financial Intelligence Unit (FIU) on 29th June.

#### Caribbean Confederation of Credit Unions:

A five-member delegation from the FND Credit Union was among hundreds of participants who attended the 58th Annual International Convention and 44th Annual General Meeting of the Caribbean Confederation of Credit Unions (CCCU) in collaboration with the Credit Union Executives Society (CUES) which was held at the Moon Palace Golf & Spa Resort in Cancun, Mexico from 20th-23rd June.

#### Topics discussed included:

- The Human Side of Change
- The Impact of New Financial Technologies & Implications for Growth, Competition & Fraud.
- Passion on Purpose
- Developing emerging Leaders and Promoting Effectiveness in Leadership
- Applied Governance in the Co-operative sector
- Becoming a Strategic and Influential Communicator in Your Credit Union
- Creating Passionate Member connections.
- How do you Zap the Multi-generational Gap.





# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### Strategic Planning Session:

The Credit Union held a one day Strategic Planning session at the Kittitian Hill in November. In attendance were all Staff members and contingents from the Board, Supervisory and Credit Committees. The event was described as fruitful, productive and fun filled. Staff voiced their concerns and the Board of Directors and Management made a commitment to the new direction agreed to by the group.

The team examined the strengths, weaknesses, opportunities and threats facing the institution and a Strategic Plan will be developed during 2016 taking into consideration the concerns, the SWOT analysis and the commitment expressed by the Board, Management and Staff.

### MARKETING AND EDUCATION AWARENESS PROGRAMMES:

#### Marketing and Marketing Research

The Marketing and Educational Awareness Programmes carried out last year continued in 2015. The FND Credit Union continued to disseminate information to the local market through advertising in a variety of categories including Radio, Online, Word Of Mouth, Banners and Fliers.

Attempts were made to reduce our communication cost by the increase use of the Credit Union's facebook page, [www.facebook.com/FNDCreditUnion](http://www.facebook.com/FNDCreditUnion), email and other social media. The website was upgraded to be more user friendly and our data base was also updated and mail chimp was introduced to forward more information to our membership with more ease.

#### Education and Awareness

All new members were presented with foundation principles of the Credit Union, which include Operating, Governance, Safety and Soundness and Consumer Protection. The kit also includes advice on tracking and managing one's finances. However, workshops to teach members how to record their finances are required and will be introduced. Visits and presentations to various companies, religious groups and schools also continued during the year.

### PERFORMANCE

#### Financial

The performance of the FND Credit Union during the 2015 financial year was again better than projected. The Credit Union recorded significant positive growth in all areas of operations, generating a surplus of \$268,889.00 after recording a surplus of \$197,010 in the previous year.

Details of the Credit Union's financial performance are presented in the Treasurer's Report on page 13 and the Financial Statements on pages 24-55.

#### Loans Portfolio and Delinquency

The FND Enterprise Cooperative Credit Union increased its net Loans portfolio during the year by \$2,277,406 or 17% moving from \$13,098,731 to \$15,376,137. However, Loans balances totaling \$282,502 was written off against the provision reducing the balance to \$15,093,635. This compares favourably with the previous year when the portfolio also had a significant increase of \$1,982,565 or 17%. The increase in Provision for Bad Debts was \$299,534 although bad debts was written off against this provision.

Despite the enormous effort exerted to loan delinquency, it continues to be a serious problem. We continue to encourage staff to meet with members who have genuine financial problems, to counsel and if deemed necessary re-schedule loans to make life easier for the members. However, we also continue to encourage management to take all steps necessary, including legal action to recover funds from members who have rescinded on their responsibility and commitment to repay their loans.

#### Membership and Services

At 31st December, 2014 there were 2068 shareholders valuing \$933,275.00 indicating an average share value per member of \$451.29. When compared with the period under review ending 31st December, 2015, the number of shareholders had grown to 2306 with a total share value of \$1,576,020.00 showing an average value of shares per member of \$655.85. The figures show that the number of shareholders increased by 238 or 12% and the corresponding value of shares also increased by \$642,745 or 68.8%. This shows significant improvement over 2014 when the membership increased by 253 and \$162,315, respectively.



# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

Total Deposits as at December 31, 2015 was \$12,163,847, an increase of \$2,479,030 or 25.6% over December 2014. The significant growth in Total Deposits is as a direct result of the increase in our chequing account deposits which is not permanent. In 2014, there was also an increase of \$5,452,912 or 129% over the previous year.

### FUTURE OUTLOOK

We were unable to deliver on all our promises made at our last Annual General Meeting. As we mentioned last year, it is not because we have rescinded on our commitment but careful analysis and investigation are being carried out so that informed and lasting decisions will be made, which will be beneficial to all our members while your Credit Union grows from strength to strength. The Board is still deeply concerned that the interest rate charged on loans to our members is relatively high and is taking the necessary steps to reduce the cost of operations which will allow us to in turn lower our interest rate on loans. We have paid out all our long term debts as promised and this has reduced our operations cost greatly. The intent is to pass on this savings to you in reduced interest rates on certain products. However, we continue to appeal to our members to purchase more shares and to save regularly with your Credit Union so that the necessary funding will be available to assist you with lower interest rates.

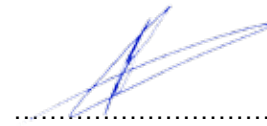
Members continue to request the introduction of technology to our line of products and service such as online and mobile banking and ATMs. The necessary research and financial projections were carried out to determine the feasibility of introducing these requested products.

The cost was prohibitive to introduce on our own over the last year, but we must meet your needs and all collaborative efforts are being pursued to implement in the soonest time. Consequently, we continue to offer the best deposit rates and we have minimized fees to your benefit. Please continue to spread the word to family and friends requesting them to COMPARE! SWITCH and SAVE with your CREDIT UNION.

### CONCLUSION

Your Board wishes to thank the general membership, volunteers, staff and other stakeholders for your commitment to and support of the FND Credit Union during 2015. Your collective efforts to ensure the success of the FND Enterprise Cooperative Credit Union were exemplary and the Board looks forward to your continued support in the future. The Board is confident that with your continued support we will be able to deliver on all your needs in the near future.

Presented for and on behalf of the Board of Directors:

  
.....  
R.A. Peter Jenkins  
President/Chairman



# TREASURER'S REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### OVERVIEW

The FND Enterprise Cooperative Credit Union (FNDECCU) recorded a surplus of \$268,889 compared with a surplus of \$197,010 in 2014. This represents a positive movement of \$71,879 or 36% and this was recorded after the Credit Union made a provision of \$165,812 for Staff Pension Plan.

There was significant growth in both business and personal loans during the year. The Business loans balance increased by \$1,128,954.09 or 20.3% whereas, the personal Loans portfolio increased by 1,434,320.07 or 16%. This has translated into significant growth Income this year. We are confident that this trend will continue in the ensuing year.

### ASSETS

Total Assets increased by \$3,578,153 or 20.2% in 2015 compared to an increase of \$3,491,907 or 24.3 % in the previous year. The increase in Assets in 2015 is mainly attributable to the increase in cash and investments totalling \$1,394,595 and the increase in loans and Other Receivables by \$2,249,573. Notwithstanding, the Non-current assets decreased by \$21,732 due to the depreciation on tangible and intangible assets including Property, Vehicle, Equipment, computers and Software.

### LIABILITIES

Total Liabilities increased by a significant \$2,731,067. This net increase is mainly due to the growth in Members' savings and term deposits by \$3,095,385 or 37.3 and the provision for the staff pension Plan of \$165,812.

### EQUITY

Total Equity which is mainly Share Capital, Statutory Reserve and Retained Earnings increased by \$847,086 mainly due to the surplus of \$268,889 and the increase of Share Capital by a significant \$642,749.

### SURPLUS

#### Income

Total Income increased by \$446,984 or 18.9% over 2014. Interest Income increased by \$373,911 or 18.9% as a result of the increased performance in the loan portfolio during 2015. Fees and Other Charges also increased by \$45,247 or 17.3 % because of the increase in loans disbursed. Other Income also increased by \$27,836.

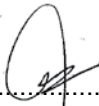
### Expenses

Total Expenses increased by \$375,105 or 17.3% over 2014. This is the net of increases and decreases in Administrative, Finance and Other costs. There were increases in Salaries and Social Security expense by \$27,771; Staff benefits by \$23,740, Pension Plan by \$165,812; Training, Meetings and Conventions by \$60,061 and Promotion and Advertisement by \$108,504. However, as expected, finance costs decreased by \$45,076 as a result of the pay out of the ICDF and Social Security Board loans late last year. There was also a noticeable decrease in Electricity by \$17,089 resulting from the replacement of all traditional incandescent bulbs with LCD light Bulbs in the office.

Bad debt expense increased from \$330,516 to \$352,642 although extra resources and energy were allocated in this area during the year. Delinquency continues to be the single major risk to the Credit Union.

### CONCLUSION

Management will continue to monitor and where possible reduce costs. Delinquency must also be continued to be addressed. The above indicators show that the Credit Union is growing at a steady pace but if the Credit Union is to remain strong with very good reserves, our members must invest more in Shares and Deposits so that a more diversified portfolio can be offered with lower interest rates and the introduction of new technology.

  
Terrence Crossman  
Treasurer





# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

The Credit Committee is pleased to present to the membership of the FND Enterprise Cooperative Credit Union Ltd (FNDECCU) the report on the activities of the Credit Committee and the loans portfolio performance for the year ended 31<sup>st</sup> December, 2015.

The members of the Credit Committee were:

- Mr. Wendell Huggins , Chairman
- Mr. Cremoy Agard , Secretary
- Mr. Osbert DeSuza, Member
- Mr. Sean Lawrence, Member
- Dr. Lincoln Carty, Member

The table below provides information relative to the terms of the members.

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING
Wendell Huggins	Chairman	2nd	1	2017
Cremoy Agard	Secretary	1st	1	2017
Sean Lawrence	Member	1st	0	2016
Osbert DeSuza	Member	1st	0	2016
Lincoln Carty	Member	1st	2	2018

### MEETINGS:

The meetings of the committee were held on average once per month to review and approve loan applications, to analyze the delinquent loans and provide advice/directives to staff, to review the Loans Manual and to prepare amendments for approval by the Board. Approvals were based on the guidelines set out in the Credit Union's by-laws and loan policy. A total of 14 meetings were held.

### LOANS PORTFOLIO

- At 31<sup>st</sup> December, 2015 the Business Gross Loans Portfolio amounted to \$6,678,622.57 for 202 loans compared to \$5,549,668.48 for the 178 loans at 31<sup>st</sup> December, 2014. When compared with the previous year, the figures indicate that the number and value of loans outstanding at year-end increased by 24 or 13.4% and \$1,128,954.08 or 20.3% respectively.
- The Personal Loans Portfolio as at 31<sup>st</sup> December, 2015 was 647 for \$10,411,640.76 compared with 604 for \$8,977,320.06 as at 31<sup>st</sup> December, 2014. This indicates that there was also an increase in the number and value of loans outstanding for the year of 43 or 7% and \$1,434,320.07 or 16% respectively.





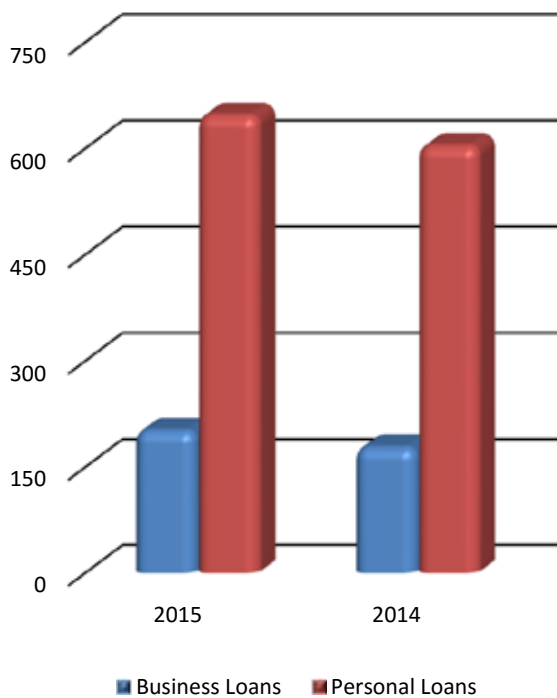
# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

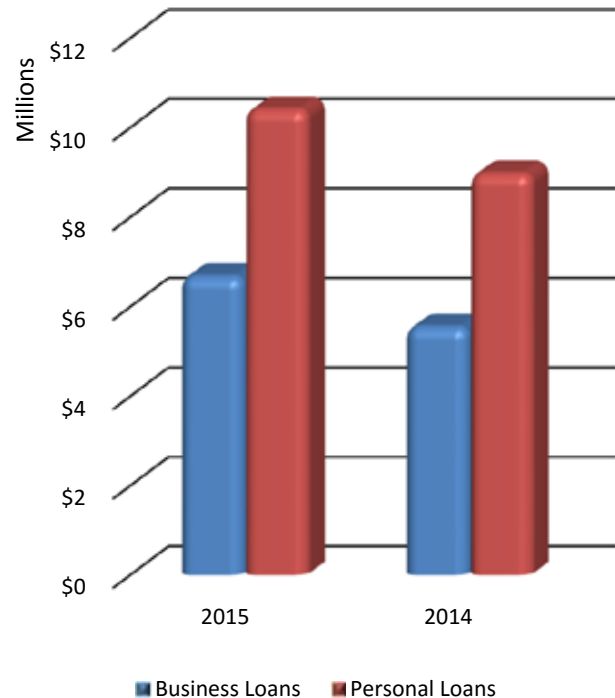
Loan Type	2015		2014	
	No.	Value	No.	Value
Business Loans	202	\$6,678,622.57	178	\$5,549,668.48
Personal Loans	647	\$10,411,640.76	604	\$8,977,320.06
<b>Totals</b>	<b>849</b>	<b>\$17,090,263.33</b>	<b>782</b>	<b>\$14,526,988.54</b>

### Loans Portfolio Comparative for 2015 and 2014

Number of Loans



Value of Loans



# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### BUSINESS LOANS DISBURSED BY PURPOSE

PURPOSE	2015		2014	
	No.	Value	No.	Value
AIR CONDITION SERVICES			1	35,000.00
ADMINISTRATIVE SERVICES	1	27,000.00		
AUTO MECHANIC			1	3,400.00
BUS	15	676,116.35	16	564,028.87
CONSTRUCTION	3	124,273.00		
CLEANING SERVICES			2	62,000.00
ENTERTAINMENT	1	25,000.00	3	45,000.00
FARMING	4	217,000.00		
FISHING	4	135000	4	95,220.48
HAIR SALON			1	30,000.00
RESTAURANT/CATERING	8	165,434.20	4	106,000.00
RETAIL	12	461,638.98	13	249,861.89
SECURITY SERVICES	1	27,000.00	1	12,707.35
TAXI/TOURISM SERVICES	7	233,599.71	7	235,312.32
MANUFACTURING	3	32,633.67	2	105,216.85
TRUCKING	3	450,000.00	9	408,896.45
VEHICLE RENTALS	1	20,000.00	3	201,000.00
<b>TOTALS</b>	<b>72</b>	<b>\$2,594,695.87</b>	<b>67</b>	<b>\$2,153,644.21</b>

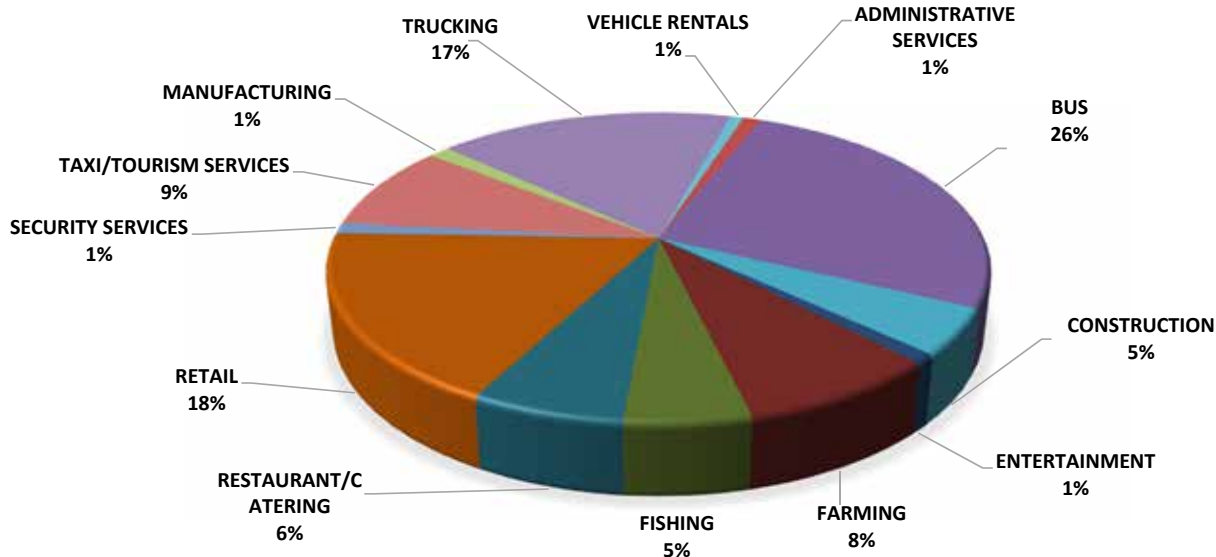
72 Business loans valuing \$2,594,695.87 were disbursed during 2015; 49 totaling \$2,262,972.47 in St. Kitts and 23 amounting to \$663,723.40 in Nevis. When compared with the previous year, the figures show that although the number of business loans disbursed increased by only 5, the value disbursed increased by a more significant amount of \$441,051.66 or 20.4%. The increase in business loans requests compared to the last three years indicates a return to growth in economic activity in the Federation. As an Enterprise Credit Union, The Credit Union welcomes this and will continue to fund business projects by members with good, researched and prepared business ideas with a view to increasing our business loans portfolio and by extension the overall business environment in the Federation.



# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### 2015: BUSINESS LOANS DISBURSED BY PURPOSE



### PERSONAL LOANS DISBURSED

PURPOSE	2015		2014	
	No.	Value	No.	Value
DEBT CONSOLIDATION	57	1,029,733.65	53	787,500.50
EDUCATION	20	472,276.85	19	461,152.15
FUNERAL EXPENSES	1	3,500.00	2	16,000.00
HOUSE & LAND PURCHASE	11	561,997.43	8	554,500.00
HOUSEHOLD PURCHASES	33	547,895.32	26	301,528.37
HOME RENOVATIONS	16	182,511.95		
LEGAL FEES			3	45,093.00
MEDICAL EXPENSES	22	253,917.16	16	151,292.14
MUSICAL EQUIP. PURCHASE			7	173,451.52
PROPERTY REPAIRS			37	837,482.56
SCHOOL FEES & SUPPLIES			7	22,790.84
TRAVEL/SHOPPING/ VACATION	166	1,372,567.64	173	1,657,340.07
VEHICLE PURCHASE	82	1,915,522.24	37	815,699.49
VEHICLE REPAIRS & MAINTENANCE	12	97,011.12	28	304,215.23
WEDDING EXPENSES	5	49,509.58	6	149,939.32
MISCELLANEOUS PERSONAL EXPENSES	6	78,825.99	6	37,656.00
<b>TOTAL</b>	<b>431</b>	<b>\$6,565,268.93</b>	<b>428</b>	<b>\$6,315,640.69</b>

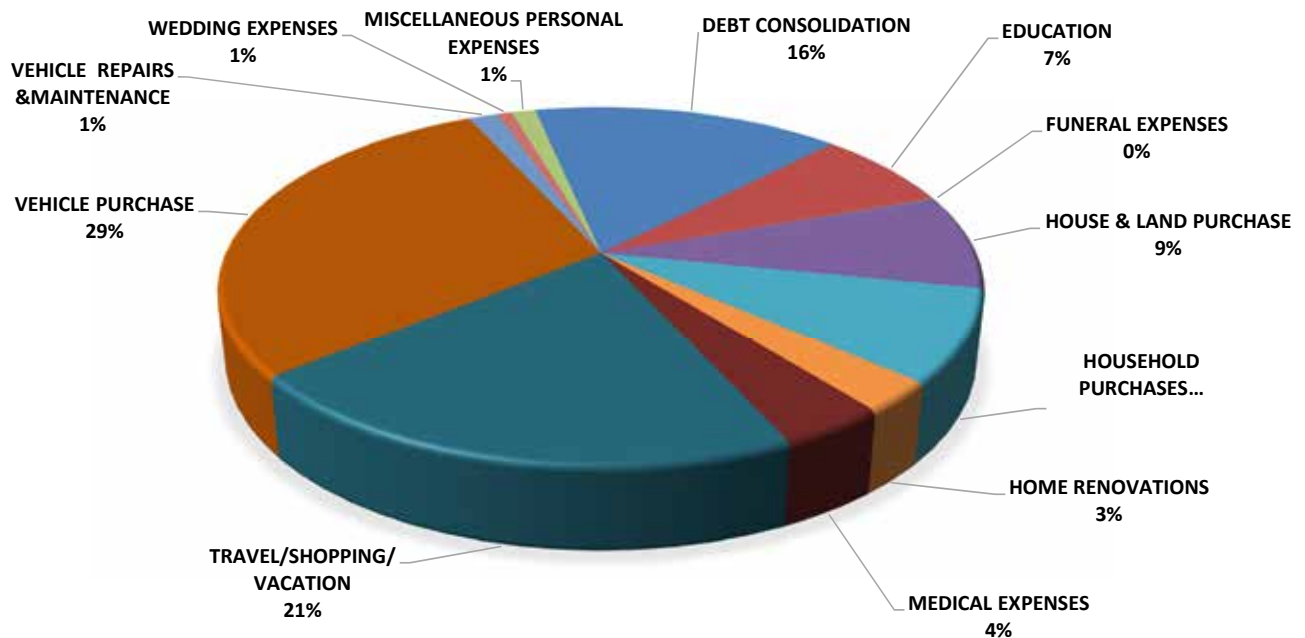


# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

431 Personal loans valuing \$6,565,268.93 were disbursed during the year under review. The Head Office disbursed 320 totaling \$5,258,041.17 and the Nevis Branch disbursed another 111 loans amounting to \$1,307,227.76. The figures indicate that there was an increase in both the number and amount disbursed when compared to the previous year. In 2014, there were 428 Personal loans amounting to \$6,315,640.69 with 326 loans in St. Kitts amounting \$5,409,940.69 and 102 loans in Nevis amounting to \$905,700.00. This indicates that the number of loans disbursed increased by only 3 or < 1.0%, while the value disbursed increased by \$249,628.24 or 4.6%.

### 2015: PERSONAL LOANS DISBURSED



### DELINQUENCY

Delinquency continues to be a concern of the Credit Committee, the Board and Management. Delinquency was 24.2% at 31<sup>st</sup> December, 2015, which is a measure of the balances of Loans Outstanding past due one day or more divided by Gross loans Portfolio. This compares slightly favourably with 31<sup>st</sup> December 2014, when it was 26.5%. This indicates that the delinquency situation has not changed much and it is still 19.2% above the accepted standard of 5%. Robust collection efforts which include daily telephone calls; emails and Whatsapp messages, written letters to members and co-signers and when necessary referral to the solicitors, will be continued with a view to arrest this serious problem. In addition, an experienced loans personnel was hired at the end of the year which should bear fruits in the ensuing year.





# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### CONCLUSION

As our mandate dictates, the Credit Union continues to provide you, our members with the financial support you need as we strive to enhance our lives by building 'financially strong communities'. However, we must remind you that we will only succeed if all our members live up to the mantra of "people helping people".

The Credit Committee would like to thank the General Manager, the entire Loans Division, and the Branch officers for the reliable support given during the year.

We also thank the members who used the FND Credit Union as their first choice for your financial needs as this is the only way to ensure that we all succeed. Finally, we continue to remind you to **SAVE** regularly, **BORROW** prudently and **REPAY** promptly.



Wendell Huggins  
Chairman  
On behalf of the Credit Committee



# SUPERVISORY COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

In accordance with the FNDECCU By-laws; (17) Section (1-11), the Supervisory Committee monitors all aspects of the Credit Union's activities. It is charged with the responsibility of ensuring that the Credit Union is prudently managed and members' assets are safeguarded. This responsibility includes, but is not limited to the following:

- Examining the books of the Society
- Scrutinizing and appraising the policies and operating procedures;
- Confirming cash instruments, property and securities of the Society;
- Confirming the shares, deposits and other balances or holdings of members;
- Monitoring the management of the Society
- Liaise with the internal auditor and the external auditor;
- Auditing the functions of the management and staff;
- Auditing the asset-liability management and liquidity of the credit union
- Paying attention to the risk management of the credit union;
- Verifying the assets of the society to determine whether they were properly protected
- investigating complaints made by members affecting the proper management of the credit union;
- annual random verification of a sample of members' pass books and accounts;
- Ensuring that all advances, loans, deposits, other transactions and other decisions involving Directors, Committee members and employees are in compliance with the Act, Regulations, By-Laws and Policies of the credit union.

At the first meeting of the Supervisory Committee, elections were held to select its Chairman and Secretary; Mr. Carl Osborne and Mrs. Velda Irish-Browne were elected respectively. Subsequently, it was agreed that the Committee will convene monthly on the first Tuesday.

The volunteers on the Supervisory Committee are as follows:

- Mr Carl Osborne - Chairman
- Mrs Velda Irish-Browne – Secretary
- Ms Shermel Jeffers - Member
- Mr Denis Johnson - Member
- Mrs Tonya Lawrence – Member

The focus of our tenure was to review the findings and concerns highlighted in the Auditor's Report to management to evaluate the FND Enterprise Credit Union's(FNDECCU)response and action taken to mitigate the risks identified in the report.

The Committee made the commitment to review all loan accounts identified in the report with discrepancies. It was also agreed that the committee would evaluate any other internal control matters raised and seek clarification on the steps taken by the management of the FNDECCU to address them.

The Committee is satisfied that the management and staff of the FNDECCU have taken all necessary steps in addressing the concerns identified, including ensuring that all loan files contained the required documentation.

The Committee is also satisfied that any internal control issues identified have been resolved and internal procedures modified to minimize any risks to the FNDECCU and its membership.

After a review of the physical security of the FNDECCU's property, other assets and its staff, the committee further recommends that consideration be given to the implementation of a key card system to allow access by staff to the building entrance as well as other secure entrances within the building. In addition, it is recommended that a redesign of the lobby and teller area be considered for increased security and privacy.



# SUPERVISORY COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

The Supervisory Committee is pleased to present to the membership its report of the FND Enterprise Cooperative Credit Union for the year ended 31st December, 2015. Additionally, the Supervisory Committee takes pleasure to report that to the best of its knowledge, the Management and Staff adhered to the policies and procedures outlined in the FNDECCU By-laws No 1 of 2009 and the Policy Manual during the review period. We wish to thank all the members for demonstrating confidence in our ability to supervise the operations of the FNDECCU in 2015.



Mr. Carl Osborne  
Chairperson

Supervisory Committee



# NOMINATING COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

The Board of Directors appointed a Nominating Committee in accordance with Article 12, Section 1 (a) of the By-Laws of the FND Cooperative Credit Union Limited, for the purpose of nominating members to fill vacancies for which elections will be held at the 7<sup>th</sup> Annual General Meeting.

The Nominating Committee's role is to ensure that there is a smooth and legitimate nominating process of qualified persons who are evaluated before being presented as nominees for election. The Nominating Committee paid specific attention to the selection of nominees who it felt could contribute immensely to the strategic path outlined by management and adopted by the Board.

The Nominating Committee comprised of the following persons:

**Mrs. Tonya Lawrence - Supervisory Committee**  
(Chairperson)  
**Mr. Trevor Cornelius - Director**  
**Mr. Shanwa Broadbelt - Staff Member**

The Nominating Committee is pleased to present its report to the 7<sup>th</sup> Annual General Meeting as follows.

Directors Malvie James, Trevor Phipps, Terrence Crossman and Dennis Phillip are due to retire. Having served their first terms, they have all offered their time to serve for a second term. Therefore, no vacant position has been created on the Board.

Ms. Shermel Jeffers and Mrs. Velda Irish-Browne of the Supervisory Committee, have both completed their first terms and have offered to serve again for a second term. Hence, no vacant positions were created on their Committee.

Mr. Sean Lawrence and Mr. Osbert DeSuza of the Credit Committee have served their first terms and have both offered to serve a second term. Therefore, no vacancies were created on that Committee.

This year the Nominating Committee selection process was made easier as for the first time in the history of our Credit Union, all of the retiring volunteers have offered themselves up for re-election, and by doing so demonstrated their continued dedication towards the progress of your Credit Union. We would like to place on record the Committee's gratitude for this much appreciated decision taken by the nominated volunteers. The Committee believes that the nominees, if given the chance to serve a second term, will do so with distinction, by offering their time, expertise and experience for not only the enhancement of the FND Enterprise Cooperative Credit Union but the entire Credit Union Movement.





# NOMINATING COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

The Nominating Committee's recommendations are as follows:

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Board of Directors	Mrs. Malvie James	1 <sup>st</sup>	2016	Mrs. Malvie James	2 <sup>nd</sup>	3	2019
	Mr. Trevor Phipps	1 <sup>st</sup>	2016	Mr. Trevor Phipps	2 <sup>nd</sup>	3	2019
	Mr. Dennis Phillip	1 <sup>st</sup>	2016	Mr. Dennis Phillip	2 <sup>nd</sup>	3	2019
	Mr. Terrence Crossman	1 <sup>st</sup>	2016	Mr. Terrence Crossman	2 <sup>nd</sup>	3	2019
Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Supervisory Committee							
	Ms. Shermel Jeffers	1 <sup>st</sup>	2016	Ms. Shermel Jeffers	2 <sup>nd</sup>	3	2019
	Mrs. Velia Irish-Browne	1 <sup>st</sup>	2016	Mrs. Velia Irish-Browne	2 <sup>nd</sup>	3	2019
Credit Committee							
	Mr. Sean Lawrence	1 <sup>st</sup>	2016	Mr. Sean Lawrence	2 <sup>nd</sup>	3	2019
	Mr. Osbert DeSuza	1 <sup>st</sup>	2016	Mr. Osbert DeSuza	2 <sup>nd</sup>	3	2019

Presented for and behalf of the Nominating Committee



Tonya Lawrence  
CHAIRPERSON



# INDEPENDENT AUDITORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2015

### TO THE SHAREHOLDERS

#### FND ENTERPRISE CO-OPERATIVE CREDIT UNION LIMITED

We have audited the accompanying financial statements of FND Enterprise Co-operative Credit Union Limited which comprise Statement of Financial Position as at 31 December 2015, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2015

## TO THE SHAREHOLDERS

### FND ENTERPRISE CO-OPERATIVE CREDIT UNION LIMITED

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the company as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Chartered Accountants:

BASSETTERRE - ST KITTS  
30 June 2016





# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF FINANCIAL POSITION

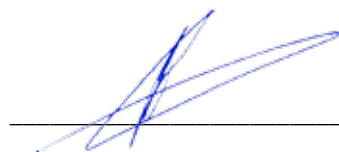
AS AT DECEMBER 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

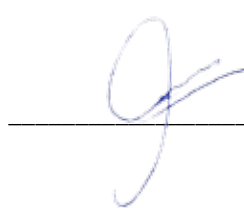
ASSETS	Notes	2015	2014 (Restated)
<b>Current Assets</b>			
Cash	3	3,869,534	3,556,848
Loans and Other Receivables - Current	4	6,390,198	4,134,728
Investments – short-term	5	<u>1,229,354</u>	<u>197,625</u>
		<u>11,489,086</u>	<u>7,889,201</u>
<b>Non-Current Assets</b>			
Loans – Non-Current	4	9,121,084	9,126,981
Investment – Non-current	5	50,100	100
Property, Plant and Equipment	6	792,582	856,797
Intangible Assets	7	<u>1,095</u>	<u>2,715</u>
		<u>9,964,861</u>	<u>9,986,593</u>
<b>TOTAL ASSETS</b>		<b>\$21,453,947</b>	<b>\$17,875,794</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Interest Payable	8	-	6,000
Security Deposits	9	3,540	3,540
Members' Deposits	10	11,401,930	8,306,545
Trade Payables and Provisions	11	<u>403,094</u>	<u>145,062</u>
		<u>11,808,564</u>	<u>8,461,147</u>
<b>Non Current Liabilities</b>			
Members' Deposits	10	<u>761,922</u>	<u>1,378,272</u>
<b>TOTAL LIABILITIES</b>		<b>12,570,486</b>	<b>9,839,419</b>
<b>Equity</b>			
Share Capital	12	1,576,020	933,275
Statutory Reserve Fund	13(a)	3,218,092	3,218,092
Development Fund	13(a)	2,620	2,620
Special Capital Reserve	13(b)	1,181,558	1,178,688
Capital-based Grants	14	156,353	168,629
Retained Earnings		<u>2,748,818</u>	<u>2,535,071</u>
		<u>8,883,461</u>	<u>8,036,375</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$21,453,947</b>	<b>\$17,875,794</b>

The accompanying Notes form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 30 June 2016.



Mr R A Peter Jenkins



Mr Terrence Crossman



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED DECEMBER 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	Notes	2015	2014
<b>INCOME</b>			
Fees and Other Charges	15	306,949	261,702
Interest Income	16	2,350,284	1,976,373
Other Income	17	<u>154,170</u>	<u>126,344</u>
		<u>2,811,403</u>	<u>2,364,419</u>
<b>EXPENSES</b>			
Administrative Expenses	18	(1,426,496)	(1,101,189)
Other Expenses	19	(836,583)	(741,709)
Finance Costs	20	<u>(279,435)</u>	<u>(324,511)</u>
		<u>(2,542,514)</u>	<u>(2,167,409)</u>
<b>NET INCOME FOR THE YEAR BEING</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>\$268,889</u>	<u>\$197,010</u>

The accompanying Notes form an integral part of these Financial Statements.



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	Share Capital	Statutory Reserve Fund	Special Capital Reserve	Development Fund	Capital-based Grants	Retained Earnings	Total
Balance at December 31, 2013	770,960	4,394,230	-	2,620	180,916	2,382,933	7,731,659
Shares Issued	162,315	-	-	-	-	-	162,315
Dividends (\$0.30 per share) (Note 24)	-	-	-	-	-	(42,322)	(42,322)
Capital-based Grants amortized in the Year (Note 14)	-	-	-	-	(12,287)	-	(12,287)
Entrance Fees	-	2,550	-	-	-	(2,550)	-
Transfer to Special Capital Reserve (Note 13(b))	-	(1,178,688)	1,178,688	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	197,010	197,010
Balance at December 31, 2014	933,275	3,218,092	1,178,688	2,620	168,629	2,535,071	8,036,375
Shares Issued	642,745	-	-	-	-	-	642,745
Dividend Paid (\$0.28 per share) (Note 24)	-	-	-	-	-	(52,272)	(52,272)
Capital-based Grants amortized in the Year (Note 14)	-	-	-	-	(12,276)	-	(12,276)
Entrance Fees	-	2,870	-	-	-	(2,870)	-
Transfer from Special Capital Reserve (Note 13(b))	-	(2,870)	2,870	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	268,889	268,889
Balance at December 31, 2015	<u>\$1,576,020</u>	<u>3,218,092</u>	<u>1,181,558</u>	<u>2,620</u>	<u>156,353</u>	<u>2,748,818</u>	<u>8,883,461</u>



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Income for the Year	268,889	197,010
Adjustment for non-cash income and expenses:		
Depreciation of property, plant and equipment	96,917	94,664
Amortisation of intangibles	1,620	19,720
Amortisation of capital-based grants	(12,276)	(12,287)
Changes in operating assets and liabilities:		
Short-term Investments	(1,031,729)	-
Increase in loans and other receivables – current	(2,255,470)	(1,300,184)
Decrease in Interest Payable	(6,000)	(13,954)
Decrease in Loans payable	-	(2,312,106)
Increase in trade payables and provisions	258,032	60,339
Increase in members' deposits – current	3,095,385	4,230,362
Gain on Disposal of Property, Plant & Equipment	(12,000)	-
<b>Net cash from operating activities</b>	<u>403,368</u>	<u>963,564</u>
<b>Cash flows from investing activities</b>		
Purchase of Investments	(50,000)	(875)
Deferred Cost Written Off	-	540
Purchase of property, plant and equipment	(32,702)	(18,781)
Proceeds on disposal of property, plant and equipment	<u>12,000</u>	<u>1</u>
<b>Net cash used in investing activities</b>	<u>(70,702)</u>	<u>(19,115)</u>
<b>Cash flows from financing activities</b>		
Non-current members' deposits	(616,350)	1,222,550
Increase in loans receivable – non-current	5,897	(786,299)
Issue of shares	642,745	162,315
Dividends paid to shareholders	(52,272)	(42,322)
<b>Net cash (used in)/ from financing activities</b>	<u>(19,980)</u>	<u>556,244</u>
<b>Net increase in cash</b>	312,686	1,500,693
<b>Cash at beginning of year</b>	<u>3,556,848</u>	<u>2,056,155</u>
<b>Cash at end of year</b>	<u>\$3,869,534</u>	<u>\$3,556,848</u>

The accompanying Notes form an integral part of these Financial Statements.



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **1 INCORPORATION AND PRINCIPAL ACTIVITIES**

### **Incorporation:**

FND Enterprise Co-operative Credit Union Limited was registered under Section 241 of the Co-operatives Societies Act of 1995 of St Christopher and Nevis on 20 July 2009. A resolution was passed on 24 June 2010 to transfer the assets and liabilities of the Foundation for National Development to a Credit Union named FND Enterprise Co-operative Credit Union Limited. The year end of the Credit Union was established as 31 December. Consequently the first Financial Statements was for the five months ended 31 December 2009. Although the Credit Union was formed on 20 July it began operations effective 1 August 2009. The credit union was automatically re-registered on 17 October 2011 under the new Co-operative Societies Act, 2011 which has replaced the Co-operatives Societies Act of 1995.

Its registered office is situated at Bladen Commercial Development, Basseterre, St. Kitts. It conducts business at Bladen Commercial Development and Charlestown, Nevis.

### **Principal Activities:**

The Credit Union's principal activities are to safeguard, uphold and represent the best interests of all its members, especially in financial matters and to undertake all other acts and devices as are incidental or conducive to or consequential upon the attainment of its objectives.

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

### **a) Statement of Compliance:**

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board.

### **b) Basis of preparation:**

These Financial Statements of FND Enterprise Co-operative Credit Union Limited are prepared on the accruals basis under the historical cost convention. They are presented in Eastern Caribbean Dollars (EC \$), the functional currency (US \$1 = EC \$2.70).

### **c) Use of estimates and judgements:**

The preparation of financial statements in conformity with International Financial Reporting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Credit Union's accounting policies.

The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

### **c) Use of estimates and judgements (cont'd)**

#### **Depreciation of property, plant and equipment:**

The Credit Union estimates the useful lives and residual values of property, plant and equipment based on the intended use of these assets, the periodic review of actual asset lives and the resulting depreciation determined thereon.

#### **Impairment of financial assets:**

Management makes judgements at each statement of reporting date to determine whether financial assets are impaired. A financial asset is impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The fair value of an asset is measured using the assumptions that the market participants would use when pricing the asset, assuming that the market participants act in their economic best interest.

### **d) Accounting Standards and Interpretations:**

The accounting policies which are followed are set out below. These accounting policies adopted are consistent with those of the previous financial year and include the adoption of new and amended IAS, IFRS and IFRIC interpretations effective for periods beginning on or after the dates indicated:

#### **New and amended pronouncements in effect and applicable:**

##### **Annual Improvements 2010-2012 Cycle**

Makes amendments to the following standards:

- **IFRS 2** — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- **IFRS 3** — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- **IFRS 8** — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- **IFRS 13** — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)





# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

### **d) Accounting Standards and Interpretations: (cont'd)**

#### **Annual Improvements 2010-2012 Cycle (cont'd)**

- **IAS 16 and IAS 38** — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- **IAS 24** — Clarify how payments to entities providing management services are to be disclosed

These amendments are applicable for annual periods commencing on or after 1 July 2014

#### **Annual Improvements 2011-2013 Cycle**

Makes amendments to the following standards:

- **IFRS 1** — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- **IFRS 3** — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- **IFRS 13** — Clarify the scope of the portfolio exception in paragraph 52
- **IAS 40** — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

These amendments are applicable for annual periods commencing on or after 1 July 2014

These amendments have no effect on the Credit Union's financial position or performance.



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

### **d) Accounting Standards and Interpretations: (cont'd)**

#### **Standards and interpretations in issue but not yet effective and not early adopted**

The Credit Union intends to adopt the following standards and amendments, if applicable, when they become effective:

IFRS 9	Financial Instruments(2014)	effective 1 January 2018
IFRS 15	Revenue from Contracts with Customers	effective 1 January 2018
IFRS 16	Leases	effective 1 January 2019
IAS 16	Property, Plant and Equipment (Amendment)	effective 1 January 2016
IAS 12	Income Taxes (Amendment)	effective 1 January 2017
IAS 7	Statement of Cash Flows	effective 1 January 2017

Assessment is being made of the potential impact of these new standards and amendments.

### **e) Revenue Recognition:**

The credit union principally derives its revenue from the rendering of services and interest.

#### **i) Interest:**

Interest is recognised using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or when appropriate, a shorter period, to the carrying amount of the financial asset.

#### **ii) Fees and other charges:**

Revenue from fees, fines and other charges is recognised when it is probable that the economic benefits associated with the transaction will flow to the Credit Union, the amount of revenue and the stage of completion of the transaction can be reliably measured.



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

### **f) Borrowing Costs:**

Borrowing costs are interest and other costs that the Credit Union incurs in connection with borrowing of funds, members deposits, bank loans, bank overdrafts and any other financial liability. Interest is calculated using the effective interest method which is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or when appropriate, a shorter period, to the carrying amount of the financial liability.

Borrowing costs are recognised as an expense in profit or loss in the period in which they occur.

### **g) Income Tax:**

Section 242 (2) of The Co-operative Societies Act, 2011-31 exempts credit unions and other registered societies from the payment of income tax, corporation tax and any other tax on the income.

### **h) Property, Plant and Equipment:**

Property, plant and equipment are recorded at cost and are being depreciated on the straight line basis at annual rates estimated to write off the assets over their useful lives.

Buildings	2.5%	Computer Equipment	33 1/3%
Furniture & Fittings	15-20%	Plant and Equipment	10%
Motor Vehicles	20%		
Office Equipment	20-33 1/3%		

A full year's depreciation is taken in the year of acquisition and none in the year of disposal.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

Each year the residual values, useful lives and method of depreciation of property, plant and equipment are reviewed and any impairment is recognised in the income statement.





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**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

**i) Impairment of financial assets:**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Provision for Loan Losses is estimated using PEARLS where 35% of delinquent debts older than 30 days but less than 12 months are provided for and all delinquent debts over one year are provided for in full.

**j) Financial Instruments:**

Financial assets and liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are added to or deducted from the fair value of the financial assets or financial liabilities.

Financial assets are classified as Loans and Receivables, Held-to-Maturity investments and Available-for-Sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases and sales are recognised and derecognised on a trade date basis.

Held-to-Maturity investments such as treasury bills and other short-term investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Credit Union intends to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at cost less any provision for impairment.

Available-for-sale financial investments are those non-derivative financial investments that are not classified as held-to-maturity or as loans and receivables. These include shares in companies and other credit unions.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairments. These include trade and other receivables, bank balances and loans to members.



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

### **j) Financial Instruments: (cont'd)**

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the assets have expired;
- the credit union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party.

Financial Liabilities:

The credit union's financial liabilities comprise primarily deposits and other payables. The credit union has not designated any financial liabilities upon recognition as at fair value through profit or loss.

All financial liabilities are recognised initially at fair value. Due to their short-term nature, the carrying value of deposits and other payables approximate their fair value.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

### **k) Intangibles:**

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the Credit Union are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 20% per annum.

Costs associated with maintaining computer software programs are recognised as an expense when incurred.



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**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)**

**l) Share Capital:**

Financial instruments issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The credit union's ordinary shares are classified as equity instruments.

**m) Dividends:**

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is initially approved by the directors and confirmed at the Annual General Meeting. In the case of final dividend, this is approved by the shareholders at the Annual General Meeting.

**n) Provisions:**

Provisions are recognised when the Credit Union has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised in the statement of income and are reviewed annually.

**o) Capital-based Grants: (See Note 14)**

Capital-based grants are treated as deferred credits, a portion of which is transferred annually to the Statement of Comprehensive Income over the expected useful life of the asset.

3 CASH	<u>2015</u>	<u>2014</u>
Current Accounts	412,957	745,765
Savings Accounts	3,339,743	2,688,937
Cash in Hand	<u>116,834</u>	<u>122,146</u>
<b>TOTAL</b>	<b><u>\$3,869,534</u></b>	<b><u>\$3,556,848</u></b>

The Savings accounts bear interest within the range of 0.5% to 3.25% per annum.

Amounts totalling \$2,623,454 held in savings accounts with Bank of Nevis and Nevis Co-operative Credit Union have been earmarked to support the Statutory Reserve in the amount of \$3,218,092 (See Notes 5 & 13 (a)).



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

4	LOANS AND OTHER RECEIVABLES	2015	2014
	General Loans	16,865,390	14,253,826
	Loans at Solicitors	224,873	272,049
	Staff Loans	-	1,114
	Interest Receivable	84,025	70,599
	Unearned Interest on Discount Loan	(600)	(840)
	<b>Total Loans Receivable</b>	<b>17,173,688</b>	<b>14,596,748</b>
	<b>Less: Provision for Loan Losses</b>	<b>(1,797,551)</b>	<b>(1,498,017)</b>
		15,376,137	13,098,731
	Miscellaneous Receivables (Net of Provision \$52,509/2014 = Nil)	104,922	126,336
		15,481,059	13,225,067
	<b>Less: Non-current loans and other receivables</b>	<b>(9,121,084)</b>	<b>(9,126,981)</b>
		6,359,975	4,098,086
	Prepayments	30,223	36,642
	<b>Total Current Portion of Loans and Other Receivables</b>	<b>\$6,390,198</b>	<b>\$4,134,728</b>

## Analysis of provision for loan losses:

	2015	2014
Balance brought forward	1,498,017	1,482,599
Charge for the Year	398,613	422,275
Recoveries	(99,079)	(98,137)
Amount Written Off	-	(308,720)
	<b>\$1,797,551</b>	<b>\$1,498,017</b>

## Ageing of loans net of provisioning:

Neither past due nor impaired	13,147,475	11,068,735
Past due but not impaired – 30 to 90 days	352,952	578,017
Past due but not impaired – over 90 days	1,875,710	1,451,979
	<b>\$15,376,137</b>	<b>\$13,098,731</b>





**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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**4 LOANS AND OTHER RECEIVABLES (cont'd)**

Unearned Interest represents interest on FND clients' loans charged in advance not due at the end of the year, but would be set off against Loans Receivable at the appropriate time.

Provision for loan losses is estimated using PEARLS software where 35% of delinquent debts older than 30 days but less than 12 months are provided for and all delinquent debts over one year are provided for in full.

The Credit Union controls its credit risk by placing limits on each customer according to the customer's ability to repay regularly. The Credit Union also holds collateral against the assets of the customer in addition to personal guarantees.

Interest rates between 10% and 15% per annum are charged on general loans.

<b>5 INVESTMENTS</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Available-for-sale:</b>		
St Kitts Co-operative Credit Union Limited 20 Shares of \$5 each	100	100
Nevis Co-operative Credit Union Limited 10,000 Shares of \$5 each	<u>50,000</u>	<u>—</u>
Sub-total	<u>50,100</u>	<u>100</u>
<b>Short-term Investments:</b>		
Government of St Kitts and Nevis Treasury Bills (face value \$200,000)	197,625	197,625
S L Horsford and Company Limited – Demand Deposit	<u>1,031,729</u>	<u>—</u>
Sub-total	<u>1,229,354</u>	<u>197,625</u>
<b>TOTAL</b>	<b><u>\$1,279,454</u></b>	<b><u>\$197,725</u></b>

The Government of St Kitts and Nevis Treasury bills mature on 9 February 2016 and are issued with interest earned at the rate of 4.75% per annum.

The demand deposit with S L Horsford and Company Limited is repayable on demand and bears interest at the rate of 4% per annum. This demand deposit is earmarked to support the Statutory Reserve in the amount of \$3,218,092 (See Note 3 & 13 (a)).



## 6 Property, Plant and Equipment

### Gross Carrying Amounts

	<u>Land/ Parking Lot</u>	<u>Buildings</u>	<u>Plant &amp; Equipment</u>	<u>Furniture &amp; Fittings</u>	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
At January 1, 2014	251,794	703,588	118,200	253,302	167,898	169,322	100,000	1,764,104
Additions	-	-	-	1,381	-	17,400	-	18,781
Disposals	-	-	-	(9,208)	(73,025)	(12,901)	-	(95,134)
<b>At December 31, 2014</b>	251,794	703,588	118,200	245,475	94,873	173,821	100,000	1,687,751
Additions	-	-	-	2,717	21,983	8,002	-	32,702
Disposals	-	-	(34,150)	-	-	-	-	(34,150)
<b>At December 31, 2015</b>	251,794	703,588	84,050	248,192	116,856	181,823	100,000	1,686,303

### Accumulated depreciation

At January 1, 2014	6,090	263,845	59,364	190,364	149,503	142,257	20,000	831,423
Disposals for the year	-	-	-	(9,208)	(73,024)	(12,901)	-	(95,133)
Charge for the year	3,045	17,588	8,405	21,686	6,988	16,952	20,000	94,664
<b>At December 31, 2014</b>	9,135	281,433	67,769	202,842	83,467	146,308	40,000	830,954
Disposals for the year	-	-	(34,150)	-	-	-	-	(34,150)
Charge for the year	3,045	17,590	8,406	20,787	12,966	14,123	20,000	96,917
<b>At December 31, 2015</b>	12,180	299,023	42,025	223,629	96,433	160,431	60,000	893,721

**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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**6 Property, Plant and Equipment (cont'd)**

<b>Net Carrying amounts</b>	<u>Land/ Parking Lot</u>	<u>Buildings</u>	<u>Plant &amp; Equipment</u>	<u>Furniture &amp; Fittings</u>	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
At December 31, 2015	<u>\$239,614</u>	<u>\$404,565</u>	<u>\$42,025</u>	<u>\$24,563</u>	<u>\$20,423</u>	<u>\$21,392</u>	<u>\$40,000</u>	<u>\$792,582</u>
At December 31, 2014	<u>\$242,659</u>	<u>\$422,155</u>	<u>\$50,431</u>	<u>\$42,633</u>	<u>\$11,406</u>	<u>\$27,513</u>	<u>\$60,000</u>	<u>\$856,797</u>

At December 31, 2009, Property, Plant and Equipment was transferred from the Foundation for National Development (St Kitts-Nevis) Limited at the same costs/accumulated depreciation as the closing balances of the Foundation.

No depreciation is taken in the year of disposal but a full year's depreciation is taken in the year of acquisition by the Credit Union.

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7	INTANGIBLE ASSETS	<u>2015</u>	<u>2014</u>
	<b>Software:</b>		
	Gross Carrying amount carried forward	<u>126,319</u>	<u>126,319</u>
	<b>Accumulated Amortisation</b>		
	Opening Balance	123,604	103,884
	Current year's amortisation	<u>1,620</u>	<u>19,720</u>
	Closing Balance	<u>125,224</u>	<u>123,604</u>
	Net Carrying Amount	<u>\$1,095</u>	<u>\$2,715</u>

Intangible assets relate to software programs and are amortised at the rate of 20% per annum. Impairment loss becomes effective if there is a change in the programs before the assets are fully amortised.

8	INTEREST PAYABLE	<u>2015</u>	<u>2014</u>
	<b>Interest Payable</b>	<u>-</u>	<u>\$6,000</u>

The interest charge of \$6,000 payable at 31 December 2014 represented a charge levied as a result of a loan repaid in full in advance of its due date.





# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

9	SECURITY DEPOSITS	2015	2014
	Balance – as at end of year	<u>\$3,540</u>	<u>\$3,540</u>
This represents security deposits for loans granted to clients of Foundation for National Development (St Kitts-Nevis) Limited (FND).			
10	MEMBERS' DEPOSITS	2015	2014
	Savings	5,472,027	4,500,516
	Term Deposits	<u>2,624,129</u>	<u>2,885,624</u>
		8,096,156	7,386,140
	Chequing Accounts	3,983,089	2,249,213
	Interest Due on Savings and Deposits	<u>84,607</u>	<u>49,464</u>
	TOTAL	<u>\$12,163,852</u>	<u>\$9,684,817</u>
	Represented by:		
	Current Portion	11,401,930	8,306,545
	Non-Current Portion	<u>761,922</u>	<u>1,378,272</u>
	TOTAL	<u>\$12,163,852</u>	<u>\$9,684,817</u>

Liquidity risk varies according to cash flow. The Credit Union controls its liquidity to enable it to cover its interest accrued to members' deposits. Cash in hand and the Investments Portfolio can satisfy any unlikely demand by members on their deposits.

The Credit Union paid interest on its savings and term deposits at rates ranging from 2.5% to 5.75% per annum during 2015 (2014 = 3% to 5.7%)



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11	TRADE PAYABLES AND PROVISIONS	<u>2015</u>	<u>2014</u>
	Audit fee provision	45,000	45,000
	Social Security Payable	18,661	14,512
	Bills of Sale	4,830	1,210
	Other Payables	<u>334,603</u>	<u>84,340</u>
	TOTAL	<u>\$403,094</u>	<u>\$145,062</u>

Other Payables refer to sundry accruals paid for in the following year.

**Other Payables - Defined Pension Plan - \$165,812**

Subsequent to the year end, Management decided to enter into a Group Defined Contribution Pension Plan with Sagicor Life Inc to provide past service contribution for all present and future employees. The total expected Past Service Contribution of \$155,117 will be amortised over a five year period. Employees who would have met the retirement age within the year were not included in the Pension Plan. In lieu of joining the Pension Plan, a lump sum payment was provided for employees in this category.

The amount of \$165,812 represents first deposit and lump-sum payable at 31 December 2015 relating to past services and is included in Other Payables.

12	SHARE CAPITAL	<u>2015</u>	<u>2014</u>
	Issued and fully paid share capital 315,204 (2014 = 186,655) Shares at \$5 each	<u>\$1,576,020</u>	<u>\$933,275</u>
	Opening Balance	933,275	770,960
	Shares issued during the year	<u>642,745</u>	<u>162,315</u>
	Balance at end of year	<u>\$1,576,020</u>	<u>\$933,275</u>

Section 96 of the Co-operative Societies Act, No. 31 of 2011 of the Laws of St Christopher and Nevis, Section 7 (1) of the By-Laws of the Credit Union provide for the sale of an unlimited quantity of non withdrawal, redeemable shares at a par value of \$5.00 each to its members.

Section 7 (6) of the By-Laws of the Credit Union provides that the total share capital purchased by the members is unlimited but may not exceed the equivalent of 10% of the total assets of the Society.



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

13	RESERVES	2015	2014 (Restated)
a)	<b>Statutory Reserve</b>		
	Balance at beginning of year	3,218,092	4,394,230
	Entrance Fees	<u>2,870</u>	<u>2,550</u>
		3,220,962	4,396,780
	Allocation to/(from) Special Capital Reserve	<u>(2,870)</u>	<u>(1,178,688)</u>
	Sub-total	<u>3,218,092</u>	<u>3,218,092</u>
	<b>Development Fund (1%)</b>	<u>2,620</u>	<u>2,620</u>
	<b>TOTAL</b>	<u><b>\$3,220,712</b></u>	<u><b>\$3,220,712</b></u>

### Statutory Reserve

Section 125 of the Co-operative Societies Act, No. 31 of 2011 and Section 21 (1) of the By-Laws of the Credit Union require it to make an allocation of all entrance fees, transfer and other fees and fines and not less than twenty five percent of the Net Surplus in each year to a Statutory Reserve Fund.

Section 125 (5) of the Co-operative Societies Act No 31 of 2011 states where at the end of any financial year the amount standing to statutory reserves and other institutional capital reserves before any transfer under this section is more than ten per cent of total assets, the co-operative society may not make any transfer to statutory reserves. As at 31 December 2015, the credit union's statutory reserves exceeded ten percent of total assets.

Amounts held in savings accounts with the Bank of Nevis and Nevis Co-operative Credit Union totalling \$2,623,454 and Demand Deposit held with S L Horsford and Company Limited in the amount of \$1,031,729 have been earmarked in support of the Statutory Reserve (See Notes 3 and 5).

### Development Fund

In pursuit of section 120 of the Co-operative Societies Act, the Society shall establish and maintain a Development Fund. The proceeds of this fund shall be invested or caused to be invested in activities including member education, improvements in good governance, etc.

b)	<b>Special Capital Reserve</b>	<b>2015</b>	<b>2014</b>
			(Restated)
	Balance at beginning of Year	1,178,688	-
	Transfers (to)/from Statutory Reserve	<u>2,870</u>	<u>1,178,688</u>
	Balance at End of Year	<u><b>\$1,181,558</b></u>	<u><b>\$1,178,688</b></u>



**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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**13 RESERVES (cont'd)**

In a resolution dated 26 May 2016, it was resolved that the “Statutory Reserve” be restated to 15% of the total assets at 31 December 2015 and the difference reclassified as “Donated Funds” (being Funds donated by FND to the Credit Union on inception of the Credit Union) or Special Capital Reserve.

It was further resolved that the Statutory Reserve held at 31 December 2014 be restated to the same amount as the Statutory Reserve at 31 December 2015.

The restatement of Capital Reserve to 15% of total assets exceeds the statutory requirement of 10% of total assets (see (a) above).

14 CAPITAL-BASED GRANT	<u>2015</u>	<u>2014</u>
Balance brought forward	168,629	180,916
Amortisation of Grants	<u>(12,276)</u>	<u>(12,287)</u>
<b>TOTAL</b>	<b><u>\$156,353</u></b>	<b><u>\$168,629</u></b>

The amount of \$156,353 (2014 = \$168,629) represents the deferred credit portion of grants received from international donor agencies to finance certain items of property, plant and equipment.

The amortisation amounts are offset against the total depreciation on the property, plant and equipment.

15 FEES AND OTHER CHARGES	<u>2015</u>	<u>2014</u>
Loan Fees	233,155	186,650
Entrance Fees	2,870	2,550
Conference Facilities	47,524	50,102
Rental of Equipment	-	4,000
Technical Assistance	<u>23,400</u>	<u>18,400</u>
<b>TOTAL</b>	<b><u>\$306,949</u></b>	<b><u>\$261,702</u></b>

16 INTEREST INCOME	<u>2015</u>	<u>2014</u>
Interest on Deposit Accounts	92,166	89,342
Interest on Held-to-Maturity Investment – Treasury Bills	9,500	11,646
Interest on Loans	<u>2,248,618</u>	<u>1,875,385</u>
<b>TOTAL</b>	<b><u>\$2,350,284</u></b>	<b><u>\$1,976,373</u></b>





# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

17	OTHER INCOME	2015	2014
	Amortisation of Capital-based Grant	12,276	12,287
	Gain on Disposal of Property, Plant and Equipment	12,000	-
	Project Administration	102,956	92,943
	Miscellaneous Income	26,938	21,114
	<b>TOTAL</b>	<b>\$154,170</b>	<b>\$126,344</b>
18	ADMINISTRATIVE EXPENSES	2015	2014
			(Restated)
	Salaries	696,867	671,997
	Social Security Contributions	66,981	64,080
	Pension Plan (See Note 11)	165,812	-
	Electricity and Water	56,978	74,067
	Rents	46,200	46,200
	Conference Room Expense	8,346	6,157
	Telecommunications	39,955	41,975
	Stationery and Office Supplies	67,519	53,580
	Postage	15,492	9,671
	Group Insurance	22,948	25,196
	Travel Allowances	24,300	26,400
	Vehicle Expenses	10,407	9,419
	Share Campaign	35,742	-
	Promotion and Advertising	145,209	72,447
	Staff Benefits	23,740	-
	<b>TOTAL</b>	<b>\$1,426,496</b>	<b>\$1,101,189</b>



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **For the Year Ended December 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

		<u>2015</u>	<u>2014</u> (Restated)
19	<b>OTHER EXPENSES</b>		
	Office Consumables	2,991	2,809
	Equipment Maintenance	16,931	18,270
	Office Maintenance	55,347	37,353
	Depreciation	96,917	94,664
	Amortisation of Intangible Assets (Note 7)	1,620	19,720
	Donation and Subscription	10,530	9,626
	Entertainment	311	736
	Security	9,954	6,698
	Travelling Expenses	3,475	420
	Insurance	10,216	9,358
	Affiliation Dues	16,797	18,590
	Training, Meetings and Conventions	145,331	85,271
	Professional Fees	5,434	-
	Audit Fees and Expenses - Current	47,857	45,000
	- Previous Year	-	4,304
	Legal Fees	1,350	2,574
	Bad Debts and Provisions	352,642	330,516
	Miscellaneous	14,035	11,182
	MIS Support	<u>44,845</u>	<u>44,618</u>
	<b>TOTAL</b>	<b><u>\$836,583</u></b>	<b><u>\$741,709</u></b>
20	<b>FINANCE COSTS</b>	<u>2015</u>	<u>2014</u>
	Interest Expense:		
	Interest on Loans	-	123,995
	Interest and Bank Charges	<u>279,435</u>	<u>200,516</u>
	<b>TOTAL</b>	<b><u>\$279,435</u></b>	<b><u>\$324,511</u></b>

## 21 **TAXATION**

Under the provisions of the Income Tax Act of St Christopher and Nevis, Chapter 20.22 Section 5 (1) (b), all friendly Societies are exempted from Income Tax. The Credit Union is classified as a friendly Society.



**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

**22 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

**Contingent Liabilities:**

There were no contingent liabilities at 31 December 2015 (2014 = Nil).

**Capital Commitments:**

There were no capital commitments at 31 December 2015 (2014 = Nil).

**23 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. The Credit Union grants loans to Board and Committee members and key management staff.

	<u>2015</u>	<u>2014</u>
Amount due to Key Management including Directors and Committee Members	<u>\$300,410</u>	<u>\$239,276</u>
Loan Balances due by Key Management including Directors and Committee Members	<u>\$157,391</u>	<u>\$111,179</u>
Key Management Compensation	<u>\$418,918</u>	<u>\$403,705</u>

Outstanding balances at year end were partially secured and bore interest at the normal commercial rate of 15% per annum. For the year ended 31 December 2015, the Credit Union did not record any impairment charge in respect of receivables relating to amounts outstanding by related parties.

**24 DIVIDEND**

The financial statements reflect dividend payment of \$52,272 and \$42,322 for the financial years 2014 and 2013 respectively.



# **FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015** **(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)**

## **25 CAPITAL MANAGEMENT**

The Credit Union manages its funds to ensure that it will continue as a going concern while maximising returns for members at minimum risk. Capital is managed as per the guidelines established by the Co-operative Societies Act, No 31 of 2011 the Co-operative Societies Regulations, 1997 and the International Prudential Standards for Credit Unions (PEARLS).

Capital is managed by the Board and management in accordance with established policy. This policy implementation is monitored by the Supervisory committee and implemented by management.

The capital and funds of the Co-operative Society consist of qualifying shares, savings, deposits and loans from members and non-members, donated capital and institutional capital transferred from The Foundation For National Development (St Kitts-Nevis) Limited.

Liquid reserves are managed such that its total is at all times greater than 15% of members' unencumbered deposits and other short term liabilities.

The total Share Capital purchased by the members is unlimited but may not exceed the equivalent of 10% of the total Assets of the Credit Union and no single member or connected party is allowed to own more than 20% of the total shares of the Co-operative Society.

Loans are not made to members if the total lent to that member exceeds 10% of the Credit Union's Share Capital, retained earnings and liquid reserves or members' ordinary deposits and the Credit Union's reserves, whichever is less.





**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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26 FINANCIAL INSTRUMENTS	2015	2014
<b>Fair Value:</b>		
The carrying amounts of the following financial asset and liabilities approximate their fair value:		
<b>Financial Assets:</b>		
Cash and Bank Balances	3,869,534	3,556,848
Loans and Receivables	15,481,059	13,225,067
Held-to-maturity investments	1,229,354	197,625
Available for Sale Investments	<u>50,100</u>	<u>100</u>
	<u>\$20,630,047</u>	<u>\$16,979,640</u>
<b>Financial Liabilities:</b>		
Loans and Interest Payable	-	6,000
Members' Deposits	12,167,392	9,688,357
Trade Payables and Provisions	<u>403,094</u>	<u>145,062</u>
	<u>\$12,570,486</u>	<u>\$9,839,419</u>

## Risk Management

The Credit Union manages its risk through the use of internal reports and by ensuring that financial assets remain within established guidelines set by the Board of directors and those mandated by law and PEARLS. The supervisory committee on a monthly basis confirms and monitors financial instruments and monitors the risk management of the Credit Union. These risks include interest risk, credit risk and liquidity risk.

## Interest rate risk:

Interest rate risk is the risk of changes to profitability as a result of interest rate changes. Cash at Bank, Treasury bills, members' deposits and loans, as well as loans from institutions are all subject to interest rate changes. Over the last two years, there has been a fall in interest rates for Treasury bills and savings accounts held with commercial banks. The Credit Union, however, was able to source alternative options which generate a higher yield. The Credit Union is therefore not subject to any significant interest rate risk at present.



**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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**26 FINANCIAL INSTRUMENTS (cont'd)**

The following table summarises the Credit Union's exposure to interest rate risks:

As at 31 December, 2015

	<u>1 year</u>	<u>&gt;1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-Interest bearing</u>	<u>Total</u>
<b>Assets</b>					
Cash resources	3,338,216	-	-	531,318	3,869,534
Loans and Other					
Receivables	6,255,053	8,881,570	239,514	104,922	15,481,059
Investments	<u>1,229,354</u>	<u>50,100</u>	<u>-</u>	<u>-</u>	<u>1,279,454</u>
	<u>10,822,623</u>	<u>8,931,670</u>	<u>239,514</u>	<u>636,240</u>	<u>20,630,047</u>
<b>Liabilities</b>					
Security Deposits	-	-	-	3,540	3,540
Members' Deposits	11,401,930	761,922	-	-	12,163,852
Trade and Other Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,094</u>	<u>403,094</u>
	<u>11,401,930</u>	<u>761,922</u>	<u>-</u>	<u>406,634</u>	<u>12,570,486</u>
Interest Repricing Gap	<u>\$(579,307)</u>	<u>\$8,169,748</u>	<u>\$239,514</u>	<u>\$229,606</u>	<u>\$8,059,561</u>

As at 31 December, 2014

	<u>1 year</u>	<u>&gt;1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-Interest bearing</u>	<u>Total</u>
<b>Assets</b>					
Cash resources	3,209,241	-	-	347,607	3,556,848
Loans and Other					
Receivables	3,965,913	8,216,072	910,909	132,173	13,225,067
Investments	<u>197,625</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>197,725</u>
	<u>7,372,779</u>	<u>8,216,172</u>	<u>910,909</u>	<u>479,780</u>	<u>16,979,640</u>
<b>Liabilities</b>					
Interest Payable	6,000	-	-	-	6,000
Security Deposits	-	-	-	3,540	3,540
Members' Deposit	8,306,545	1,378,272	-	-	9,684,817
Trade and Other Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,062</u>	<u>145,062</u>
	<u>8,312,545</u>	<u>1,378,272</u>	<u>-</u>	<u>148,602</u>	<u>9,839,419</u>
Interest Repricing Gap	<u>\$(939,766)</u>	<u>\$6,837,900</u>	<u>\$910,909</u>	<u>\$331,178</u>	<u>\$7,140,221</u>



## Credit Risk

The Credit Union manages its credit risk by spreading its cash resources with different reputable financial institutions and establishing maximum levels to be deposited at each institution. Loans are granted to members after careful consideration of their character, financial condition and sureties to ascertain the ability to repay fully and promptly their obligation. Loans over stipulated limits must be approved by the credit committee. The Credit Union also monitors its loan portfolio to ensure it is not unduly exposed to any particular business sector.

The loan portfolio comprises short, medium and long term loans. There may be also loans from institutions for which monthly and quarterly payments have to be made. These liabilities are financed by members deposits and shares. The credit union has to have adequate liquid resources to meet demands on deposits and loan repayments. The guidelines established by PEARLS and the Co-operatives Act as well as experience gained over the years are used to manage the Credit Union's liquidity risk.

The following table summarises the maturity profile of the Credit Union's financial assets and liabilities:

As at 31 December 2015

	<u>1 Year</u>	<u>&gt;1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
<b>Assets</b>				
Cash Resources	3,869,534	-	-	3,869,534
Loans and Other Receivables	6,359,975	8,881,570	239,514	15,481,059
Investments	<u>1,229,354</u>	<u>50,100</u>	<u>-</u>	<u>1,279,454</u>
	<u>11,458,863</u>	<u>8,931,670</u>	<u>239,514</u>	<u>20,630,047</u>
<b>Liabilities</b>				
Security Deposits	3,540	-	-	3,540
Members' Deposits	11,401,930	761,922	-	12,163,852
Trade and Other Payables	<u>403,094</u>	<u>-</u>	<u>-</u>	<u>403,094</u>
	<u>11,808,564</u>	<u>761,922</u>	<u>-</u>	<u>12,570,486</u>
<b>Net Liquidity Gap</b>	<b>\$(349,701)</b>	<b>\$8,169,748</b>	<b>\$239,514</b>	<b>\$8,059,561</b>



**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
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**26 FINANCIAL INSTRUMENTS (cont'd)**

As at 31 December 2014

	<u>1 Year</u>	<u>&gt;1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
<b>Assets</b>				
Cash Resources	3,556,848	-	-	3,556,848
Loans and Other Receivables	4,098,086	8,216,072	910,909	13,225,067
Investments	<u>197,625</u>	<u>100</u>	<u>-</u>	<u>197,725</u>
	<u>7,852,559</u>	<u>8,216,172</u>	<u>910,909</u>	<u>16,979,640</u>
<b>Liabilities</b>				
Interest Payable	6,000	-	-	6,000
Security Deposits	3,540	-	-	3,540
Members' Deposits	8,306,545	1,378,272	-	9,684,817
Trade and Other Payables	<u>145,062</u>	<u>-</u>	<u>-</u>	<u>145,062</u>
	<u>8,461,147</u>	<u>1,378,272</u>	<u>-</u>	<u>9,839,419</u>
<b>Net Liquidity Gap</b>	<b><u>\$(608,588)</u></b>	<b><u>\$6,837,900</u></b>	<b><u>\$910,909</u></b>	<b><u>\$7,140,221</u></b>

**Currency Risk**

Substantially all of the company's transactions and assets and liabilities are denominated in Eastern Caribbean Dollars. Therefore, the company has no significant exposure to currency risk.





# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

### 27 RECLASSIFICATION

Certain items on the Statement of Financial Position and Statement of Comprehensive Income have been reclassified during the current year under review to improve the Financial Statement presentation. The effect on the Statement of Financial Position and Statement of Comprehensive Income are as follows:

	As previously Reported	Reclassified	As Reclassified
Statement of Financial Position:			
Statutory Reserve	<u>\$4,396,780</u>	<u>\$(1,178,688)</u>	<u>\$3,218,092</u>
Special Capital Reserve	<u>\$_____</u>	<u>\$1,178,688</u>	<u>\$1,178,688</u>
Investments - Short Term	<u>\$197,725</u>	<u>\$(100)</u>	<u>\$197,625</u>
- Non Current	<u>\$_____</u>	<u>\$100</u>	<u>\$100</u>
Statement of Comprehensive Income:			
Administrative Expenses	<u>\$1,123,232</u>	<u>\$(22,043)</u>	<u>\$1,101,189</u>
Other Expenses	<u>\$719,666</u>	<u>\$22,043</u>	<u>\$741,709</u>





## **FND ENTERPRISE COOPERATIVE CREDIT UNION LTD.**

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